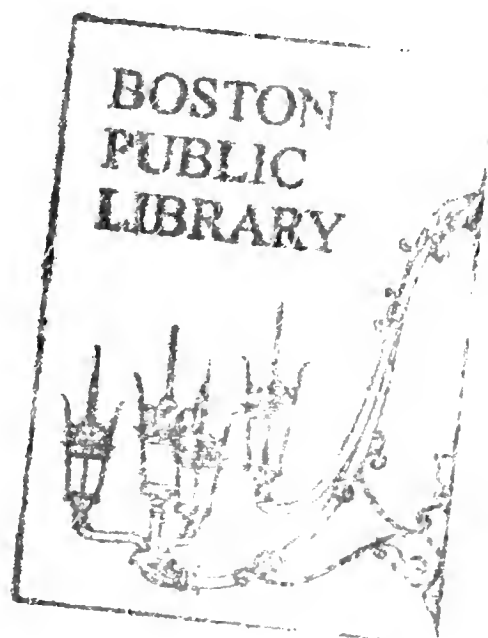


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PRELIMINARY INDICATIONS OF MARKET
IN THE GNRP AREA OF
DOWNTOWN BOSTON, ~~PRELIMINARY~~
~~ESTIMATE OF TOTAL RE-USE VALUE~~





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PRELIMINARY INDICATIONS OF MARKET
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REAL ESTATE RESEARCH CORPORATION

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CONSULTANTS

MARKET ANALYSTS

PLANNING ECONOMISTS

LOCATION AND INVESTMENT SPECIALISTS

PUBLISHERS OF THE NATIONAL MARKET LETTER

August 7, 1961

MEMORANDUM

TO: Mr. I. M. Pei
I. M. Pei & Associates

FROM: Mr. Richard Lawrence Nelson, President
Real Estate Research Corporation

Re: Preliminary Indications of Market in the
GNRP Area of Downtown Boston, Pre-
liminary Estimate of Total Re-Use Value

I. ASSIGNMENT

A proposed general neighborhood renewal plan for a portion of downtown Boston dated July 31, 1961, has been submitted to us by I. M. Pei & Associates, including suggested re-uses for portions of the waterfront. We have been asked to comment upon the marketability of this land with some indication of the amount for which it can be sold.

II. HOUSING MARKET

We have within the last two years prepared definitive studies of the market for downtown housing in a large number of communities including San Francisco, Honolulu, San Diego, New Orleans, Chicago, Cleveland, Minneapolis, St. Paul, Hartford (Connecticut), Louisville, Memphis, Little Rock, Portland (Maine), Dallas, Washington, D.C., and Fort Worth. With very few exceptions these studies have shown a considerable unsatisfied demand for urbanized living in high-rise apartments close to or in the city center. This has even been exhibited in communities where the general housing market was in a state of considerable over-supply; that is, in many communities with large numbers of unsold houses in the suburbs and with high vacancy ratios in outlying apartments, there was exhibited a steady unsatisfied demand for those closer in -- particularly where the relationship to centers of employment was good and the sites had prestige connotations. A high percentage of this demand (ranging

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I. M. Pei & Associates

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from 65 per cent in some communities to over 90 per cent in others) has been represented by either single persons or couples without school-age children, having their principal employment in the central area of the city. The balance of the demand comes from retired people, divorcees or widows, and other single persons or families desiring urban close-in living for reasons not primarily having to do with place of employment orientation. A casual examination of desirable apartment buildings in Boston shows only a very small vacancy and high rentals with a very clear implication that there exists a market for apartment development, probably of substantial proportions, in various places in the downtown area.

In 1950 the City of Boston had 34.5 per cent of the occupied housing supply of the metropolitan area. Yet preliminary indications are that only between 10 and 15 per cent of all new dwelling units built in the metropolitan area since 1950 have been within the city limits, almost half of which have been public housing. As a result preliminary census data show a substantial population loss for the City of Boston.

There undoubtedly is a market for several thousand new apartment units in Central Boston. The exact number and character of these units could only be determined through a definitive housing market analysis of this general area of the type we have conducted in other cities. One qualitative aspect of this market, however, is perhaps much more significant and more complex here than in any other major city in the country for a similar area with the possible exception of Manhattan in New York. This factor has to do with the specifics of micro-location and the type of environmental character which can be developed in various locations. The ecological development of employment centers of various types and of living areas of various types in central Boston is substantially different and more complicated than in other communities. The question then becomes not only what the total market for central area housing is in the downtown Boston area, but what portion of that market could be specifically oriented toward a waterfront residential development in the GNRP area.

Our preliminary feeling is that with a development of proper environment, the market might be very substantial but without a definitive study we cannot express this in quantitative terms nor can we indicate what exact character the apartments should have.

*The page is
permitted*

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III. OTHER USES

The plan which we have examined contains 12 different proposed land uses and the area involved largely consists of 35 scattered parcels. The predominant new use in this area is for housing, particularly waterfront housing, together with a number of uses clearly ancillary to that housing involving open space, parking, convenience shopping, and the like.

There are also indicated a number of special uses such as a few special purpose office buildings, a world trade center, a marina, hospital extension, and an aquarium. The specific study of the marketability and value of these parcels would be extremely expensive because of the specialized nature of their use and their physical scattering between existing uses.

In view, however, of the probable strength of the housing market and the proposed nature of the development, it is our preliminary opinion that the land would be marketable for the indicated uses or other compatible uses over a 10-year marketing period. For example, the parcels indicated for specialized office development are of a nature which should attract some users now oriented to outlying locations like Route 128. The character of these users is such that they would not be competitive with the Government Center. It is also our preliminary opinion that there is a market of some dimension for waterfront recreational facilities. The exact character, size and design would, however, require detailed study outside of the scope of the GNRP program.

IV. RE-USE VALUE INDICATIONS

It is also outside the scope of the GNRP program to prepare at this stage definitive appraisals of the 35 parcels involved. For example, they are not as yet fully dimensioned nor have the design controls been evolved -- also outside the scope of the GNRP program at this point in time. We can only estimate that the total re-use value of the 35 parcels involved would be at least \$4.00 a square foot average.

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